INTERIM REPORT H1 2020

[INDUS]

KEY FIGURES

in EUR million	**H1 2020**	**H1 2019**
Sales	774.2	876.5
EBITDA	66.5	109.5
EBIT before impairment	19.6	66.5
EBIT margin before impairment (in %)	2.5	7.6
Impairment	-37.9	0.0
EBIT	-18.3	66.5
EBIT margin (in %)	-2.4	7.6
Group net income for the year (earnings after taxes)	-39.3	37.7
Earnings per share (in EUR)	-1.63	1.52
Operating cash flow	29.0	24.4
Cash flow from operating activities	19.3	13.9
Cash flow from investing activities	-17.2	-18.9
Cash flow from financing activities	15.1	-4.8
	JUNE 30, 2020	**DEC. 31, 2019**
Total assets	1,773.6	1,808.2
Equity	685.3	727.7
Equity ratio (in %)	38.6	40.2
Working capital	483.8	478.3
Net debt	574.8	546.2
Cash and cash equivalents	150.8	135.1
Portfolio companies (number as of reporting date)	47	47

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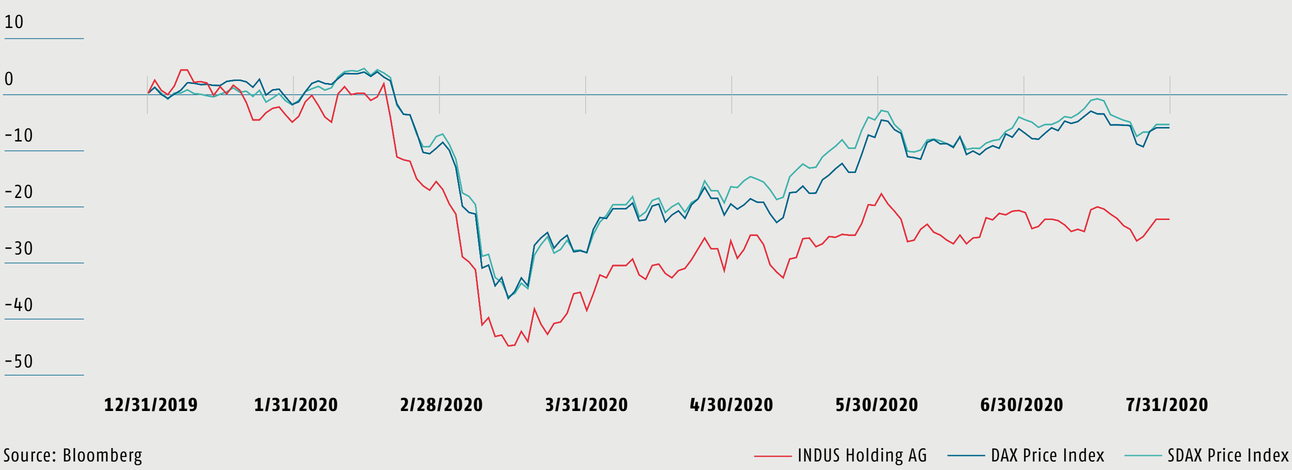
- Package of measures to optimize portfolio
- New forecast for the whole of 2020

SHARE PRICE PERFORMANCE OF THE INDUS SHARE JANUARY TO JULY 2020 EXCL. DIVIDENDS (indexed, in %)



Source: Bloomberg

LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

We can look back on a quarter that was dominated by the impact of the coronavirus pandemic. Some relevant institutions have made downward adjustments to their forecasts for macroeconomic development in 2020 several times over. Depending on the sector of the economy concerned, it remains impossible at the present time to arrive at any reliable forecast for the year as a whole.

This uncertainty also affects our planning. Nevertheless, we have decided to provide our shareholders with some guidance at this point in time and to publish a forecast for the 2020 financial year. As ever, we are working in close contact with the managing directors of our portfolio companies on this. The forecast is based on the assumption that the low point of the economic situation was reached in the second quarter and that the economy will start to see a slow recovery in the second half of 2020.

The second quarter, unsurprisingly, was particularly challenging for the German economy – and for us too – due to the effects of the coronavirus pandemic. The priority was to ensure that employees were protected against infections. Despite all the restrictions, however, it was also important to ensure that our customers' wishes were fulfilled as well as possible. The creativity and flexibility of the entire INDUS team allowed a large number of feasible solutions to be found in specific individual cases, bearing testimony yet again to the strength of our Group's SME culture. We would like to express our most sincere thanks to everyone involved!

As in several areas of the German economy, sales at some of our portfolio companies collapsed considerably in April and May – in some cases by more than 50%. The Automotive Technology and Engineering segments were the hardest hit. We did see the first signs of a recovery in June, but the extent of this remains to be seen. The surprisingly steep slump in sales in the Medical Engineering/Life Science segment appears to have already been overcome in June. The Construction/Infrastructure segment is proving to be a particular source of support, outstripping our expectations in terms of both sales and income.

The coronavirus pandemic prompted us to start an additional planning process at companies hit hard by the pandemic at the mid-point of the year. Given the bleaker outlook for the future, the subsequent impairment testing at several companies led to non-cash impairments on goodwill totaling around EUR 31.6 million. EUR 29.2 million of this amount was recognized in the Automotive Technology segment and EUR 2.4 million in the Metals Technology segment.

What effect has the coronavirus pandemic had on our figures? INDUS Group sales fell by 11.7% to EUR 774.2 million in the first half of 2020. Operating income (EBIT), which already takes impairment into account, came in at EUR -18.3 million. There was a sliver of light in the darkness, however. At EUR 29.0 million, operating cash flow was a good EUR 4.6 million up on the previous year. At the end of the first six months, liquidity in the Group remained at a deliberately high level at EUR 150.8 million. We were able to complete the first round of our revolving financing program in May as scheduled. Once again, key financing partners concluded bilateral credit agreements with us and disbursed the credit tranches. We are now planning to issue a promissory note loan in the third quarter. As a result, we will still be able to do without resorting to state aid.

In the second quarter, we bought the remaining shares held by our co-shareholders in MBN Maschinenbaubetriebe GmbH and the SELZER Group, meaning that INDUS is now the sole shareholder in these two companies. We also acquired the shares held by a co-shareholder in PEISELER GmbH & Co. KG as planned. The shares held by the other co-shareholder will follow in the second half of 2020.

After careful consideration, the Board of Management introduced a package of measures designed to optimize the portfolio in the second quarter of the year. By implementing these measures, we are aiming to improve our EBIT margin in the long run. As part of the PARKOUR strategy program, we are looking into selective company sales. We are guided by the question of whether, in individual cases, a company and its employees might have better long-term development opportunities with another owner. In the half-yearly financial statements, this package of measures leads to valuation allowances on property, plant and equipment, and deferred tax assets, as well as the recognition of provisions totaling EUR 11.6 million.

On July 24, 2020, the Osnabrück-based subsidiary KIEBACK GmbH & Co.KG was sold from the Automotive Technology segment to the managing director. Promising negotiations regarding the sale of a sub-subsidiary from the Automotive Technology segment are nearing completion. In February of this year, we also successfully sold the SIMON Kinetics division of the SIMON Group, which manufactures furniture fittings and damping systems, to the British Titus Group.

In addition to sales, the package of measures also provides for the closure of companies for which restructuring efforts do not produce the hoped-for results even after a long period of time. In June, the closure of a sub-subsidiary in the Automotive Technology segment was initiated. In the Metals Technology segment, we are currently looking into the option of closing down the Swiss company BACHER AG by the middle of next year. We have launched the consultation procedure required by law in Switzerland as part of this process. We have been working on the discontinuation of the SIMON Group's activities in the plastics plating sector since the first quarter, and expect to have completed this process by the end of the third quarter.

Following the implementation of this package of measures, sales in the mid double-digit million range will be lost year-over-year. However, the EBIT margin should improve by a good percentage point. Rest assured that sales like this are not a strategic part of our business model and are not set to become one either. Our guiding principle in everything we do remains "buy, hold and develop." Nevertheless, it can be necessary to part ways with a company in individual cases.

This gives us the strength and capacity to devote greater attention to acquiring high-margin hidden champions in growth industries.

We had hoped that by moving our Annual Shareholders' Meeting to August 13, 2020, we would be able to meet with our shareholders in person. But that will unfortunately no longer be possible this year. For everybody's protection, we have opted for a virtual Annual Shareholders' Meeting. We will make the most of this and provide you with detailed information about what has motivated us and what our plans are going forward. We look forward to many of you joining us.

Stay healthy!

Bergisch Gladbach, August 2020

Dr. Johannes Schmidt | Dr. Jörn Großmann | Axel Meyer | Rudolf Weichert

INTERIM MANAGEMENT REPORT

PERFORMANCE OF THE INDUS GROUP IN THE FIRST HALF OF 2020

CONSOLIDATED STATEMENT OF INCOME (in EUR million)

			DIFFERENCE	
	H1 2020	**H1 2019**	**ABSOLUTE**	**IN %**
Sales	**774.2**	**876.5**	**-102.3**	**-11.7**
Other operating income	9.6	5.4	4.2	77.8
Own work capitalized	2.9	2.8	0.1	3.6
Change in inventories	2.9	-0.6	3.5	<-100
Overall performance	**789.6**	**884.1**	**-94.5**	**-10.7**
Cost of materials	-363.8	-406.3	42.5	10.5
Personnel expenses	-259.7	-263.1	3.4	1.3
Other operating expenses	-99.6	-105.2	5.6	5.3
EBITDA	**66.5**	**109.5**	**-43.0**	**-39.3**
Depreciation/amortization	-84.8	-43.0	-41.8	-97.2
Operating income (EBIT)	**-18.3**	**66.5**	**-84.8**	**<-100**
Financial income	-5.0	-8.4	3.4	40.5
Earnings before taxes (EBT)	**-23.3**	**58.1**	**-81.4**	**<-100**
Taxes	-16.0	-20.4	4.4	21.6
Earnings after taxes	**-39.3**	**37.7**	**-77.0**	**<-100**
of which attributable to non-controlling shareholders	0.6	0.4	0.2	50.0
of which attributable to INDUS shareholders	-39.9	37.3	-77.2	<-100

The first six months of 2020 were dominated by the economic and operational implications of the coronavirus pandemic. INDUS portfolio companies in four of our five segments were materially impacted by the consequences of the pandemic in the reporting period. The problems that have been ongoing for some time in the Automotive Technology segment and at one portfolio company in the Metals Technology segment were exacerbated to a considerable degree by the coronavirus pandemic. This prompted INDUS to adopt and communicate a package of measures to optimize its portfolio. Implementation of some measures had already begun in the second quarter and this will continue into 2021. Significant effects have already been recognized in accounting terms in these half-yearly financial statements.

SALES DOWN IN FOUR SEGMENTS

In the first half of 2020, the INDUS portfolio companies generated sales of EUR 774.2 million. This represents a decrease of EUR 102.3 million (-11.7%) in comparison with the first half of 2019. Revenue in the Automotive Technology and the Engineering segments took a real nosedive. The Medical Engineering/Life Science and Metals Technology segments reported marked and slight sales declines, respectively. In the Construction/Infrastructure segment, growth in sales was achieved yet again in spite of the coronavirus crisis. Renewed growth in sales of 4.2% or EUR 8.1 million, however, was not nearly sufficient to compensate for the drop in sales in the remaining segments. The organic decrease in sales in the INDUS Group came to 13.4%. An inorganic plus in sales of 1.7% was generated by MESUTRONIC and DSG, which were acquired in the previous year. Other operating income amounted to EUR 9.6 million, EUR 4.2 million higher than in the previous year. The increase mainly related to income from the disposal of assets in connection with the package of measures to optimize the portfolio.

The cost-of-materials ratio increased slightly from 46.4% to 47.0%. The personnel expense ratio rose from 30.0% to 33.5%. As was to be expected, it was not possible to fully adjust personnel costs to match the lower production capacity, despite intensive use of short-time working models. Other operating expenses were down 5.3% to EUR 99.6 million.

Depreciation/amortization increased by EUR 41.8 million to EUR 84.8 million in total. This included depreciation/amortization of EUR 46.9 million (previous year: EUR 43.0 million) and impairment of EUR 37.9 million (previous year: no impairment). Of the EUR 37.9 million impairment figure, EUR 33.8 million relates to the Automotive Technology segment and EUR 4.1 million to the Metals Technology segment.

MARKED DECLINE IN EARNINGS

At EUR -18.3 million, operating income (EBIT) was down by EUR 84.8 million on the previous year's figure (EUR 66.5 million). The EBIT margin came in at -2.4% (previous year: 7.6%). The drop is due primarily to the marked economic impact of the coronavirus pandemic in four out of our five segments – particularly in the Automotive Technology segment. This figure also includes the non-cash impairment of EUR 37.9 million mentioned above. This meant that operating income (EBIT) before impairment of EUR 19.6 million was achieved for the first half of 2020. Operating income for the second quarter of 2020 came to EUR -34.4 million, or EUR 3.5 million before impairment.

Net financial income improved by EUR 3.4 million, from EUR -8.4 million to EUR -5.0 million. This is due to the reduction in contingent purchase price liabilities resulting from lower income from these portfolio companies in the first half of 2020. Financial income includes net interest, income from shares accounted for using the equity method and other financial income. The valuations of the interest rate swaps and the contingent purchase price liabilities for minority interests are reported within other financial income.

At EUR -23.3 million, earnings before taxes (EBT) was down by EUR 81.4 million on the previous year's figure (EUR 58.1 million). Tax expenses came to EUR 16.0 million, following EUR 20.4 million in the previous year. Before the interests attributable to non-controlling shareholders were deducted, income for the period came to EUR -39.3 million (previous year: EUR 37.7 million). Earnings per share came to EUR -1.63 as against EUR 1.52 in the comparison period.

During the first six months of 2020, the INDUS Group companies employed 10,767 people on average (previous year: 10,710 employees). Around 2,680 employees were on short-time work at the end of June. This corresponds to a rate of 32% at the INDUS portfolio companies concerned.

PACKAGE OF MEASURES TO OPTIMIZE THE PORTFOLIO BEING IMPLEMENTED

In June 2020, the Board of Management of INDUS Holding AG adopted a package of measures designed to optimize the portfolio.

As part of this package of measures, the decision was made to sell KIEBACK GmbH & Co. KG, Osnabrück, from the Automotive Technology segment. The purchase contract was signed on July 24, 2020, and will result in the company being deconsolidated as of July 31, 2020.

The closure of a sub-subsidiary in the Automotive Technology segment had already been agreed and initiated in June.

We are looking into the option of ceasing operations at BACHER AG, from the Metals Technology segment, in 2021. The employees have been informed and the consultation procedure required in Switzerland was initiated in July 2020.

Back in February 2020, SIMON was able to sell the SIMON Kinetics division to the British Titus Group. The SIMON Kinetics division manufactures furniture fittings and damping systems.

The SIMON Group's activities in the plastics plating sector, which are part of the Metals Technology segment, will also be closed down by the end of the third quarter of 2020. Continuing operations would have become unprofitable due to the EU-wide ban on chromium(IV) oxide.

In the half-yearly financial statements, these measures combined lead to valuation allowances on property, plant and equipment and intangible assets, as well as the recognition of disposal groups and deferred tax assets, and expenses for the recognition of provisions totaling EUR 11.6 million. EUR 8.1 million of this amount was recognized in the Automotive Technology segment and EUR 3.5 million in the Metals Technology segment. EUR 1.4 million of the expenses are cash-effective.

ACQUISITION OF THE REMAINING SHARES IN M+P, PEISELER, MBN AND SELZER

INDUS acquired the shares of an existing shareholder and former managing director of M+P International Mess- und Rechnertechnik GmbH, Hanover, as planned in January 2020. By acquiring shares amounting to 14.5%, INDUS was able to increase the amount of shares it holds in M+P to 91.06%. M+P supplies measurement and test systems for vibration control and analysis, and has been part of INDUS Group since January 2017.

In April 2020, INDUS acquired 10% of the shares in PEISELER Holding GmbH, Remscheid, from an existing shareholder and previous managing director as planned. The acquisition of the stake increases INDUS' interest in PEISELER to 90%. PEISELER manufactures high-precision indexing devices and rotary tilt tables for machine tools and has been part of the INDUS portfolio since May 2017.

In April 2020, all remaining shares in MBN Maschinenbaubetriebe Neugersdorf GmbH, Neugersdorf, were acquired from the existing shareholders. Following the scheduled acquisition of the remaining 25% of the shares, INDUS now holds 100% of the shares in MBN. The MBN Group develops and manufactures automated systems and machinery for final vehicle assembly and has been part of the INDUS Group since November 2014.

In June 2020, INDUS acquired the remaining 15% of shares in SELZER Fertigungstechnik GmbH & Co. KG from the existing shareholders. The acquisition means that INDUS now holds 100% of the shares in SELZER Fertigungstechnik GmbH &Co KG. SELZER has been part of the INDUS Group since 2005 and manufactures ready-to-install metal components and assemblies for automotive transmissions, brakes, and engines.

SEGMENT REPORTING

INDUS Holding AG divides its investment portfolio into five segments: Construction/Infrastructure, Automotive Technology, Engineering, Medical Engineering/Life Science and Metals Technology. As of June 30, 2020, our investment portfolio encompassed 47 operating units.

CONSTRUCTION/INFRASTRUCTURE

BROAD-BASED GROWTH IN SALES AND EARNINGS

Segment sales in the Construction/Infrastructure segment increased by a further EUR 8.1 million (4.2%) as against the same period of the previous year to EUR 199.0 million. Almost all companies in the segment contributed to the substantial growth in sales. A particular contribution was made by the air-conditioning devices, reinforced concrete, sealing systems, and home wiring and cabling areas.

Operating income increased more strongly than sales, namely by 30.2% to EUR 36.2 million (previous year: EUR 27.8 million). The EBIT margin reached a very high value of 18.2%. It outstripped the solid margin seen in the previous year (14.6%) by 3.6 percentage points.

All in all, the encouraging development seen in the Construction/Infrastructure segment in the first half of the year is well ahead of our expectations. The coronavirus crisis has not impacted income in the portfolio companies in this segment. Looking ahead to the second half of the year, the companies in this segment expect developments to stabilize at a good level.

In our forecast for the year as a whole, we expect to see slightly lower sales and slightly lower operating income (EBIT) in a year-over-year comparison. The EBIT margin will be within a range of 13% to 15%.

The investments made in the segment related exclusively to fixed assets. At EUR 8.5 million, they were up on the previous year's level (EUR 8.0 million).

KEY FIGURES FOR CONSTRUCTION/INFRASTRUCTURE (in EUR million)

			DIFFERENCE	
	H1 2020	H1 2019	ABSOLUTE	IN %
Revenue with external third parties	199.0	190.9	8.1	4.2
EBITDA	43.9	34.6	9.3	26.9
Depreciation/amortization	-7.7	-6.8	-0.9	-13.2
EBIT	36.2	27.8	8.4	30.2
EBIT margin in %	18.2	14.6	3.6 pp	–
Investments	8.5	8.0	0.5	6.3
Employees	1,888	1,855	33	1.8

AUTOMOTIVE TECHNOLOGY

CONSIDERABLE UNCERTAINTY SURROUNDING FURTHER DEVELOPMENTS FOLLOWING POOR QUARTER

The Automotive Technology segment is still struggling with conditions that had already emerged back in 2019. Since March 2020, this has been exacerbated by the hefty blow dealt by the coronavirus pandemic. At the end of June, approximately 45% of the employees in this segment were on short-time work.

Sales in the Automotive Technology segment decreased by EUR 50.8 million, or 27.7%, to EUR 132.6 million. The sharp decline reflects the very drastic drop in sales during April and May and the slow pace of recovery in June. All companies in the segment have been hit by the sharp decline in sales.

At EUR -29.1 million, operating income (EBIT) before impairment was down considerably, namely by EUR 24.0 million, on the previous year's figure. The EBIT margin before impairment fell to -21.9%, due, in particular, to the effects referred to above. The use of short-time working models and cost-cutting measures were only able to compensate for the impact of the sharp decline in sales in part. Although measures to reposition the two well-known series suppliers are progressing well, they are also having an additional negative impact on segment earnings.

In June 2020, as part of the package of measures to optimize the portfolio, the decision was made to sell KIEBACK GmbH & Co. KG, Osnabrück. The purchase contract was signed in July 2020. The decision was also made to close a sub-subsidiary in June 2020 and this move has already been initiated. In total, expenses of EUR 8.1 million were recognized in the first half of the year in connection with the impending sale and closure.

Due to the lower earnings prospects for the future, impairment was recognized on goodwill in the amount of EUR 29.2 million.

Operating income (EBIT) therefore amounted to EUR -62.9 million, and the EBIT margin fell to -47.4% due to impairment.

Since June, it has appeared that sales are starting to pick up again to a certain degree at the companies in this segment. Nevertheless, there is considerable uncertainty among the series suppliers as to whether or not and, if so, how quickly and at what level, sales will stabilize as the year progresses. Pre-series companies are also witnessing a restrained approach among their customers.

In our forecast for the year as a whole, we expect to see a marked drop in sales and operating income (EBIT) that is clearly in negative territory in a year-over-year comparison.

At EUR 4.0 million, investments were down, namely by EUR 3.9 million, on the same period of the previous year.

KEY FIGURES FOR AUTOMOTIVE TECHNOLOGY (in EUR million)

			DIFFERENCE	
	H1 2020	**H1 2019**	**ABSOLUTE**	**IN %**
Revenue with external third parties	132.6	183.4	-50.8	-27.7
EBITDA	-14.7	8.7	-23.4	<-100
Depreciation/ amortization	-14.4	-13.8	-0.6	-4.3
EBIT before impairment	-29.1	-5.1	-24.0	<-100
EBIT margin before impairment in %	-21.9	-2.8	-19.1 pp	–
Impairment	-33.8	0.0	-33.8	–
EBIT after impairment	-62.9	-5.1	-57.8	<-100
EBIT margin after impairment in %	-47.4	-2.8	-44.6 pp	–
Investments	4.0	7.9	-3.9	-49.4
Employees	3,262	3,358	-96	-2.9

ENGINEERING

CONSEQUENCES OF THE CORONAVIRUS PANDEMIC PUT PRESSURE ON SEGMENT

Segment sales in Engineering showed a marked decrease of EUR 41.7 million (-20.1%) to EUR 165.8 million as against the same period of the previous year. Declining sales were recorded at all portfolio companies in the segment. Companies in the segment with global operations have been hit particularly hard by the consequences of the coronavirus pandemic. In addition, a general downturn on the market had already emerged before the coronavirus crisis broke out.

Operating income (EBIT) was down by EUR 18.7 million (-82.0%) to EUR 4.1 million due to lower income at almost all companies in the segment. One portfolio company from the machine tool construction sector, as well as those portfolio companies that are extremely export-oriented, have been particularly hard hit. As a result, the EBIT margin for the first half of 2020 was down considerably on the previous year's figure at 2.5% (11.0%).

The sluggish order intake at the majority of the companies in the segment is cause for concern. It remains to be seen whether or not and, if so, how strongly incoming orders can bounce back in the second half of 2020.

In our forecast for the year as a whole, we expect to see much lower segment sales in a year-over-year comparison. While we expect the EBIT margin to improve in the second half of the year, we have to expect to see a steep decline in operating income (EBIT) for the year as a whole. The EBIT margin will be within a range of 6% to 8%.

The investments of EUR 1.2 million made in the reporting period relate to investments in fixed assets and are EUR 2.6 million lower than in the previous year due to the restrictive investment policy adopted during the coronavirus crisis.

KEY FIGURES FOR ENGINEERING (in EUR million)

			DIFFERENCE	
	H1 2020	H1 2019	ABSOLUTE	IN %
Revenue with external third parties	165.8	207.5	-41.7	-20.1
EBITDA	14.2	31.8	-17.6	-55.3
Depreciation/amortization	-10.1	-9.0	-1.1	12.2
EBIT	4.1	22.8	-18.7	-82.0
EBIT margin in %	2.5	11.0	-8.5 pp	–
Investments	1.2	3.8	-2.6	-68.4
Employees	2,258	2,073	185	8.9

MEDICAL ENGINEERING/LIFE SCIENCE

A GLIMMER OF HOPE AT THE END OF THE SECOND QUARTER

The Medical Engineering/Life Science segment reported sales of EUR 70.6 million in the first half of 2020, which corresponds to a decrease of EUR 10.9 million (-13.4%). As previously mentioned, companies in this segment were much harder hit by the effects of the coronavirus pandemic than initially expected. This was due to the severe disruption to business in the rehabilitation technology area and the fact that "normal" operations were unable to continue during the main lockdown months. Although the companies affected by the drop in sales volumes made use of short-time working models, this was not enough to offset the decline in sales.

As a result, operating income (EBIT) was down by EUR 5.0 million to EUR 4.1 million in the first six months of 2020. All companies in the segment have been affected by this decline in earnings. The EBIT margin for the segment came to 5.8% (previous year: 11.2%), well below the figure for the previous year.

One encouraging trend is the fact that sales picked up again significantly in June, almost matching the previous year's level, meaning that a recovery in the segment is possible for the second half of the year at least.

In our forecast for the year as a whole, we expect to see lower sales and much lower operating income (EBIT) in a year-over-year comparison. The EBIT margin will be within a range of 7% to 9%.

Investments stood at EUR 1.8 million, exactly on a par with the same period of the previous year.

KEY FIGURES FOR MEDICAL ENGINEERING/LIFE SCIENCE (in EUR million)

			DIFFERENCE	
	H1 2020	H1 2019	ABSOLUTE	IN %
Revenue with external third parties	70.6	81.5	-10.9	-13.4
EBITDA	9.1	13.7	-4.6	-33.6
Depreciation/amortization	-5.0	-4.6	-0.4	8.7
EBIT	4.1	9.1	-5.0	-54.9
EBIT margin in %	5.8	11.2	-5.4 pp	–
Investments	1.8	1.8	0.0	0.0
Employees	1,670	1,711	-41	-2.4

METALS TECHNOLOGY

SALES DOWN SLIGHTLY

Segment sales in Metals Technology reported a decline in the first half of 2020 of EUR 7.2 million (-3.4%) to EUR 206.4 million. Most companies in the segment were faced with a significant drop in sales in the second quarter due to the coronavirus pandemic.

At EUR 8.9 million, operating income (EBIT) before impairment was EUR 7.4 million lower than the previous year's figure. Most companies in the segment were hit hard by the coronavirus crisis in the second quarter and were forced to register for short-time working models to a large extent. It is important to note that the segment earnings include significant negative effects relating to both the ongoing measures to close the SIMON Group's activities in the plastics plating sector and the poor business performance of the Swiss company BACHER AG. The EBIT margin before impairment was down by 3.3 percentage points on the previous year's figure (7.6%) at 4.3%.

Due to the lower earnings prospects for the future, impairments were recognized on goodwill, property, plant and equipment, and intangible assets in the amount of EUR 4.1 million. Operating income (EBIT) amounted to EUR 4.8 million, and the EBIT margin fell to 2.3% due to impairment.

We are currently looking into the option of discontinuing operations at BACHER AG in 2021. The employees were informed of these plans on July 15, 2020, and the consultation procedure required in Switzerland has been launched.

In our forecast for the year as a whole, we expect to see lower sales and much lower operating income (EBIT) in a year-over-year comparison. The EBIT margin will be within a range of 2% to 4%.

The investment volume in the first half of the year came to EUR 2.0 million, down on the previous year (EUR 3.9 million).

KEY FIGURES FOR METALS TECHNOLOGY (in EUR million)

			DIFFERENCE	
	H1 2020	H1 2019	ABSOLUTE	IN %
Revenue with external third parties	206.4	213.6	-7.2	-3.4
EBITDA	18.0	24.7	-6.7	-27.1
Depreciation/ amortization	-9.1	-8.4	-0.7	-8.3
EBIT before impairment	8.9	16.3	-7.4	-45.4
EBIT margin before impairment in %	4.3	7.6	-3.3 pp	–
Impairment	-4.1	0.0	-4.1	–
EBIT	4.8	16.3	-11.5	-70.6
EBIT margin in %	2.3	7.6	-5.3 pp	–
Investments	2.0	3.9	-1.9	-48.7
Employees	1,650	1,676	-26	-1.6

FINANCIAL POSITION

CONSOLIDATED STATEMENT OF CASH FLOWS, CONDENSED (in EUR million)

			DIFFERENCE	
	H1 2020	H1 2019	ABSOLUTE	IN %
Operating cash flow	**29.0**	**24.4**	**4.6**	**18.9**
Interest	-9.7	-10.5	0.8	7.6
Cash flow from operating activities	**19.3**	**13.9**	**5.4**	**38.8**
Cash outflow for investment	-17.3	-20.0	2.7	13.5
Cash inflow from the disposal of assets	0.1	1.1	-1.0	-90.9
Cash flow from investing activities	**-17.2**	**-18.9**	**1.7**	**9.0**
Dividend payment	0.0	-36.7	36.7	–
Dividends paid to minority shareholders	-0.5	-0.3	-0.2	-66.7
Cash inflow from raising of loans	102.0	94.3	7.7	8.2
Cash outflow from the repayment of loans	-57.9	-49.5	-8.4	-17.0
Cash outflow from the repayment of lease liabilities	-9.6	-10.2	0.6	5.9
Cash outflow from the repayment of contingent purchase price commitments	-18.9	-2.4	-16.5	<-100
Cash flow from financing activities	**15.1**	**-4.8**	**19.9**	**>100**
Net changes in cash and cash equivalents	17.2	-9.8	27.0	>100
Changes in cash and cash equivalents caused by currency exchange rates	-0.7	0.2	-0.9	<-100
Change in cash and cash equivalents in connection with assets held for sale	-0.8	0.0	-0.8	–
Cash and cash equivalents at the beginning of the period	135.1	109.6	25.5	23.3
Cash and cash equivalents at the end of the period	**150.8**	**100.0**	**50.8**	**50.8**

STATEMENT OF CASH FLOWS: OPERATING CASH FLOW UP BY EUR 4.6 MILLION YEAR-OVER-YEAR

Despite much lower earnings after taxes recognized in the amount of EUR -39.3 million (previous year: EUR 37.7 million), the operating cash flow in the first half of 2020 was EUR 4.6 million higher than in the same period of the previous year, amounting to EUR 29.0 million. This is due, in particular, to decreased growth in working capital as against the same period of the previous year. All in all, cash flow from operating activities rose by EUR 5.4 million to EUR 19.3 million.

The cash flow from investing activities came to EUR -17.2 million, compared with EUR -18.9 million in the previous year. In the reporting period, cash outflow for investments in property, plant and equipment, and intangible assets came to EUR 16.1 million, down on the level seen in the first half of the previous year (EUR 25.4 million). The drop is related to the restrictive investment policy adopted in light of the coronavirus crisis. The investments made in the previous year include the addition of cash and cash equivalents resulting from the initial consolidation of MESUTRONIC in June 2019. The outflow resulting from the purchase price payment for this acquisition, however, did not occur until the third quarter of 2019.

Cash inflow from the raising of loans climbed by EUR 7.7 million to EUR 102.0 million. Due to the coronavirus pandemic, INDUS partially drew down existing, contractually agreed credit lines of up to EUR 42.0 million as a precaution against liquidity risks. As of June 30, 2020, EUR 22.0 million from these credit lines was still drawn down. Due and in some cases contingent purchase price liabilities of EUR 18.9 million were also repaid in the first half of the year (previous year: EUR 2.4 million). Cash outflow from the repayment of lease liabilities amounted to EUR 9.6 million and was only slightly lower than the previous year's figure. Cash flow from financing activities rose by EUR 19.9 million in total.

As a result, cash and cash equivalents were above the high level of EUR 135.1 million seen at the end of 2019 at EUR 150.8 million, and higher than the value seen in the first half of the previous year. This relatively high level of cash and cash equivalents is due to the holding company purposefully creating a liquidity buffer as a precaution against potential effects of the coronavirus pandemic.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONDENSED

(in EUR million)

			DIFFERENCE	
	JUNE 30, 2020	**DEC. 31, 2020**	**ABSOLUTE**	**IN %**
ASSETS				
Non-current assets	**996.7**	**1,058.2**	**-61.5**	**-5.8**
Fixed assets	982.4	1,039.2	-56.8	-5.5
Receivables and other assets	14.3	19.0	-4.7	-24.7
Current assets	**776.9**	**750.0**	**26.9**	**3.6**
Inventories	388.5	381.4	7.1	1.9
Receivables and other assets	231.4	233.5	-2.1	-0.9
Cash and cash equivalents	150.8	135.1	15.7	11.6
Assets held for sale	6.2	0.0	6.2	–
Total assets	**1,773.6**	**1,808.2**	**-34.6**	**-1.9**
EQUITY AND LIABILITIES				
Non-current financial instruments	**1,352.2**	**1,389.4**	**-37.2**	**-2.7**
Equity	685.3	727.7	-42.4	-5.8
Borrowings	666.9	661.7	5.2	0.8
of which provisions	52.7	54.4	-1.7	-3.1
of which payables and deferred taxes	614.2	607.3	6.9	1.1
Current financing instruments	**421.4**	**418.8**	**2.6**	**0.6**
of which provisions	87.1	74.6	12.5	16.8
of which liabilities	334.3	344.2	-9.9	-2.9
Total equity and liabilities	**1,773.6**	**1,808.2**	**-34.6**	**-1.9**

STATEMENT OF FINANCIAL POSITION: REDUCTION IN TOTAL ASSETS DUE TO IMPAIRMENT OF GOODWILL

At EUR 1,773.6 million, the INDUS Group's consolidated total assets are EUR 34.6 million lower than as of December 31, 2019. The drop in total assets is attributable primarily to the EUR 56.8 million reduction in fixed assets. Goodwill, in particular, was reduced by EUR 31.6 million due to the impairment losses recognized due to triggering events. In addition, there were further impairments recognized on property, plant and equipment in the amount of EUR 4.8 million and on intangible assets in the amount of EUR 1.5 million. Working capital rose only slightly by EUR 5.5 million (1.1%) due to a combination of the pandemic-related economic developments in the first half of 2020 and restrictive working capital management. Total working capital as of June 30, 2020, amounted to EUR 483.8 million.

The equity ratio as of June 30, 2020, amounted to 38.6%, 1.6 percentage points below the equity ratio as of December 31, 2019 (40.2%). In particular, the negative half-year result is responsible for the drop in the ratio compared with the level seen at the end of 2019.

WORKING CAPITAL (in EUR million)

	JUNE 30, 2020	DEC. 31, 2019	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Inventories	388.5	381.4	7.1	1.9
Trade receivables	199.1	202.5	-3.4	-1.7
Trade payables	-63.4	-55.9	-7.5	-13.4
Advance payments received	-17.9	-18.9	1.0	5.3
Contract liabilities	-22.5	-30.8	8.3	26.9
Working capital	**483.8**	**478.3**	**5.5**	**1.1**

Net financial liabilities came to EUR 574.8 million as of June 30, 2020, up by EUR 28.6 million on December 31, 2019. The increase comprises higher financial liabilities (EUR +44.3 million) and the counteracting increase in cash and cash equivalents (EUR +15.7 million). The rise in current financial liabilities is a result of the credit lines drawn down to expand a liquidity buffer for the INDUS Group to counter any potential cash outflow resulting from the effects of the coronavirus pandemic.

NET FINANCIAL LIABILITIES (in EUR million)

	JUNE 30, 2020	DEC. 31, 2019	DIFFERENCE ABSOLUTE	DIFFERENCE IN %
Non-current financial liabilities	557.8	546.3	11.5	2.1
Current financial liabilities	167.8	135.0	32.8	24.3
Cash and cash equivalents	-150.8	-135.1	-15.7	-11.6
Net financial liabilities	**574.8**	**546.2**	**28.6**	**5.2**

OPPORTUNITIES AND RISKS

In its 2019 Annual Report, INDUS explained the risks arising from the COVID-19 pandemic that could have a material impact on the Group's financial position and financial performance. The actual impact of the risks to the Group relating to the pandemic in the first half of the year is presented below, together with an updated assessment regarding how the risks will develop further in the 2020 financial year.

COVID-19: BUSINESS ENVIRONMENT AND SECTOR RISKS

FROM THE 2019 ANNUAL REPORT:

The drastic measures taken to reduce the speed with which coronavirus infections are spreading have led global economic processes to become increasingly disrupted. This is compounded by the high degree of anxiety among consumers and investors and the effects it is having on consumption and investing activity. Just one example are the plant closures by the major vehicle manufacturers. As a result some Group companies will no longer be able to perform their services. The diversity of the INDUS Group portfolio companies, both in terms of industry and geographic location, is a clear risk-minimizing advantage. INDUS anticipates that significant parts of value-creating production can be maintained.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

This risk materialized in the first half of the year as a result of a drastic slump in sales in the Automotive Technology segment, but also in parts of the Engineering segment and in Medical Engineering/Life Science.

In the Automotive Technology segment, sales also fell drastically due to the plant closures of key customers, mainly in April and May. While signs of a slight recovery are currently emerging, this trend has not yet developed any reliable momentum. The export business is associated with considerable uncertainty, and the selling markets in the United States and Mexico remain heavily affected.

In the Engineering segment, it is particularly those portfolio companies that participate indirectly in the performance of the automotive industry via the supply chain that are confronted with a slump in sales. As customers are proving very reluctant to invest, order backlogs are dwindling rapidly and there will be a delayed negative impact until customers start showing more of a willingness to invest again. The Medical Engineering/Life Science segment experienced a sharp drop in sales due to the immediate impact of the coronavirus pandemic. This is due, in particular, to the lower number of “standard” operations (surgery sets and endoscopes), coronavirus-related restrictions on popular sports (bandages and orthotic devices) and restrictions on travel (compression stockings). Current developments indicate that things should return to normal relatively quickly in this area.

The risk-minimizing effect of INDUS' diversified portfolio has been confirmed. The Construction/Infrastructure segment, key portfolio companies in the Engineering segment and also the Metals Technology segment have only marginally been affected by the pandemic, and in some cases, as in the Construction/Infrastructure segment, have even been able to take advantage of opportunities.

COVID-19: PERFORMANCE RISKS

FROM THE 2019 ANNUAL REPORT:

The global travel restrictions have made operations abroad (e.g., for assembly) impossible. Services cannot be performed in full and invoiced. This affects the Engineering segment in particular. The closure of foreign and possibly domestic production facilities compromises the supply of primary materials and finished products. Essential spare parts are not available. There are massive disruptions in the supply chain. Here too, the wide geographic and industry-specific diversity of INDUS Group companies is a clear risk-minimizing advantage. INDUS currently anticipates that significant parts of value-creating production can be maintained. All entities are working hard on finding alternative suppliers (e.g., replacing suppliers in northern Italy) in order to secure supplies and build up required inventories and machine spare parts.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

The restrictions on travel options are having an impact on the provision of services, particularly in the engineering sector. Facilities cannot be installed at customer sites and, conversely, cannot be assembled by suppliers at their own plants. Service work cannot be carried out in certain countries.

The portfolio companies managed to maintain supplies of primary materials and either replace critical suppliers or qualify replacements. In some cases, emergency stocks had to be set up, with a negative effect on working capital. Nevertheless, no major production losses due to disruptions in the pre-supply chain have been reported to date – in part thanks to the measures taken.

COVID-19: PERSONNEL RISKS

FROM THE 2019 ANNUAL REPORT:

The risks in the personnel area arise from the absence of key personnel, or even of whole departments and divisions. Infections may occur both within and outside of employees' operational areas, meaning that key internal processes can no longer function.

Protecting staff from infection is the foremost objective of all portfolio companies. This can be achieved by following the advice of the German Federal Centre for Health Education (BZgA) and the Robert Koch Institute on how to prevent infection. All portfolio companies have taken steps to maintain normal operations as far as possible. This includes physically separating individual employees and groups of employees across all departments, facilitating a high degree of home working where possible, having groups of employees work in staggered shifts, holding online meetings, avoiding visits at either customers' or company premises, etc. Many authorities have already imposed sweeping measures to protect the public from infection, e.g., by confining people to their homes, banning public gatherings and more. INDUS is convinced that these stringent measures will be effective in reducing the spread of the disease.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

The measures taken by the management teams of the portfolio companies have proved effective to date. The same applies to the measures taken by INDUS Holding itself. To date, the Group has not experienced any major downtimes of its own doing. Maintaining the coronavirus protection measures for employees remains a challenge, especially given the return to increased travel activity in the summer months, the further easing of restrictions, the fact that there is still a large number of coronavirus risk countries and the further increase in infections worldwide. This risk is still considered to be high.

COVID-19: IT RISKS

FROM THE 2019 ANNUAL REPORT:

Maintaining operational functions is contingent on the corresponding digitization of vital processes. Unrestricted means of communication and appropriate IT equipment are essential to mitigating any risks. According to information available at this moment in time, the INDUS Group companies are in good shape. No portfolio company has reported any significant disruptions to their IT or communication systems. As far as we know at present, INDUS Holding AG is able to maintain full operations for the foreseeable future, thanks to an IT environment that includes completely virtual desktops, sufficient bandwidth for its internet connections, and digital financial processes.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

Current developments match our assessment. Looking ahead to the rest of the 2020 financial year, we estimate the risk to be lower based on the experience within the Group to date.

COVID-19: FINANCIAL RISKS

FROM THE 2019 ANNUAL REPORT:

A number of different financial risks arise from the economic collapse. The risk of inadequate service performance leads to loss in cash receipts. Possible insolvencies of customers may mean that expected cash inflows will not be received at all. Customers unilaterally extend payment terms or demand a price reduction but yet expect capacities to be maintained. Some cash outflows are fixed and cannot be stopped without risking liability or damages. This kind of situation always carries a liquidity risk. Thanks to its solid equity base and a number of long-standing and reliable partners in the banking sector, INDUS considers itself to be in a good position. Another advantage is the broad positioning of the Group, which balances out risks. As a precaution, INDUS has increased its free liquidity to prevent any possible cash shortages. At the same time, monitoring of cash and cash equivalents has been substantially intensified. Moreover, there are additional unused credit lines available. Investments have been largely suspended and potential company acquisitions deferred. We have reacted quickly by putting these measures in place. Furthermore, the German Federal Government has announced an aid package for companies including liability waivers for the lending financing partners, short-time work payments and tax deferrals. The Federal Government continues to offer export credit guarantees (Hermes cover) for exports to China and other coronavirus risk areas.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

INDUS has not experienced any major defaults on payments on the part of its customers to date. No liquidity risk has materialized so far. Given what is, in some cases, the significant impact of the business environment and sector risks on the INDUS Group's customers, the default risk on the customer side would still appear to be higher.

As things stand at present, INDUS itself has no plans, and no need, to make use of state-subsidized financing. We are still keeping a close eye on liquidity within the Group and, as a precaution, an increased level of liquidity will be maintained over the coming months. There are no restrictions on INDUS' ability to continue to raise debt capital on favorable terms. The revolving borrowing structure was completed as planned in May 2020.

COVID-19: LEGAL RISKS

FROM THE 2019 ANNUAL REPORT:

Significant legal issues and risks have arisen from the COVID-19 pandemic and subsequent disruptions to performance relationships. These relate for instance to force majeure clauses, provisions on non-delivery, obligations to give notice of defects in accordance with the relevant contracts and applicable legislation in order to protect the Group companies' rights in any disputes, and in relation to the documentation of relevant events in order to assert claims for damages.

The INDUS Group's guiding principle in any COVID-19 related disruptions to the performance chain is good and direct communication with the relevant contracting partners so that any disputes can be avoided and issues arising from the global crisis can be resolved fairly. INDUS supports its portfolio companies with competent legal advice in cases where this is not possible.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

No legal disputes have arisen from the coronavirus pandemic for any portfolio company at the time of writing. Looking ahead to the rest of the 2020 financial year, we estimate the risk to be lower based on the experience within the Group to date.

COVID-19: VALUATION RISKS ARISING FROM RECOGNIZED GOODWILL

FROM THE 2019 ANNUAL REPORT:

The coronavirus pandemic is a non-adjusting event after the balance sheet date relating to the current financial year. At the moment it is unclear if and to what extent future income figures will be affected. This will depend on the duration of the crisis, the recovery after the crisis, the catch-up effects of lost production and the long-term impact that the pandemic will have on medium-term financial performance.

STATUS AT THE END OF THE FIRST HALF OF THE YEAR:

Due to the sometimes drastic slump in sales and revenue, an impairment test was carried out as of June 30, 2020. The future value of a portfolio company or other assets is not determined to any considerable degree by a temporary slump in sales or earnings, but rather by the ability to generate sustainable cash flows. Nevertheless, the coronavirus pandemic means that there is a higher degree of uncertainty in forecasting. Despite base interest rates that are at an all-time low, this is reflected in higher capital costs as an objective valuation yardstick. In this respect, we refer to the explanatory information in the chapter entitled "Goodwill" of this interim report.

The resulting impairments were recognized through profit and loss in the financial statements. The Board of Management of INDUS Holding AG is monitoring the potential impact of the coronavirus crisis on goodwill on an ongoing basis.

We have not identified any major changes with regard to the other risks and refer to the Opportunities and Risk Report of INDUS Holding AG within the 2019 Annual Report. We also refer to the forward-looking statements in the outlook.

OUTLOOK

The measures to reduce the spread of the coronavirus have resulted in drastic losses for the global economy. The economic forecasts of all relevant institutions have been significantly reduced several times in the months since the pandemic emerged. The economic shock now clearly exceeds the impact of the financial crisis of 2008/2009. The Chinese economy has since made up for much of the slump experienced in the first quarter. The United States, on the other hand, is currently being hit hard, meaning that there is little hope of a rapid recovery there due to tighter coronavirus restrictions. Unemployment in the United States has risen dramatically as a result. In Europe, pandemic protection measures are gradually being eased, helping to revive economic activity. It will not, however, be possible to return to the pre-crisis level any time soon.

For 2020 as a whole, GDP in Germany is expected to shrink by between 6% and 9%, with even more marked slumps expected in some neighboring European countries. The easing of measures has prompted a recovery in the economic expectations for the manufacturing sector in Germany. The European construction sector is only expected to see a brief, and not very dramatic, market correction, while only slight declines are anticipated for the German market. The expected slight recovery witnessed in the automotive industry in the second half of the year following the closure of a large number of plants will lead to a drop of around 25% in the quantities produced in 2020 as a result of the market slump. According to the ifo Institute, around half of the companies in the metal manufacturing and processing industry are struggling with problems that pose a threat to their survival. In the mechanical engineering sector, the coronavirus pandemic has led to capacity adjustments. It is only thanks to the widespread use of short-time working models (around 2/3 of all companies) that job cuts (17% of companies) have remained at a low level so far. This will continue in the coming quarter.

Any forecast regarding the further financial performance of our portfolio as a whole in the second half of the current year remains subject to considerable uncertainty. The Construction/Infrastructure segment appears to remain a stable pillar. The large-scale disruption witnessed within the Medical Engineering/Life Science segment in April and May has been overcome. However, it is not possible to forecast the further course of events or the development of sales figures in the Automotive Technology segment. There is also considerable uncertainty in the Engineering segment as to how the sluggish order intake will develop in the second half of the year.

Nevertheless, it now seems possible to make a forecast for the end of 2020, even if this requires a broad forecast range due to the high level of uncertainty in the overall economic environment.

SEGMENT TABLES

	ACTUAL 2019	FORECAST AUGUST 2020
Construction/Infrastructure		
Sales	EUR 388.9 million	Slight rise in sales
EBIT	EUR 63.0 million	Slight fall in EBIT
EBIT margin	16.2%	13–15%
Automotive Technology		
Sales	EUR 350.3 million	Strong fall in sales
EBIT	EUR -35.8 million	Negative EBIT
EBIT margin	-10.2%	n.a.
Engineering		
Sales	EUR 434.6 million	Strong fall in sales
EBIT	EUR 54.6 million	Strong fall in EBIT
EBIT margin	12.6%	6–8%
Medical Engineering/Life Science		
Sales	EUR 159.7 million	Falling sales
EBIT	EUR 18.6 million	Strong fall in EBIT
EBIT margin	11.6%	7–9%
Metals Technology		
Sales	EUR 409.2 million	Falling sales
EBIT	EUR 25.8 million	Strong fall in EBIT
EBIT margin	6.3%	2–4%

For 2020 as a whole we are now anticipating total sales of between EUR 1.45 billion and EUR 1.6 billion. Operating income (EBIT) will be in a range of EUR 0 million to EUR 20 million. This includes the impairment of goodwill of EUR 31.6 million, property, plant and equipment, and intangible assets of EUR 6.3 million and value adjustments on deferred tax assets as well as other expenses of EUR 5.3 million already booked in the second quarter of 2020.

This forecast is based on the assumption that the low point of the economic situation was reached in the second quarter and that the economy will start to see a slow recovery in the second half of 2020. This includes the assumption that in the second half of the year there will no longer be a lockdown in Germany or the most important selling markets.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST HALF OF 2020

in EUR '000	NOTES	H1 2020	H1 2019	Q2 2020	Q2 2019
REVENUE		**774,199**	**876,525**	**372,957**	**438,878**
Other operating income		9,617	5,407	6,021	2,560
Own work capitalized		2,831	2,817	1,324	-3,617
Change in inventories		2,905	-593	-7,102	-7,006
Cost of materials	[3]	-363,768	-406,276	-173,905	-190,093
Personnel expenses	[4]	-259,685	-263,122	-126,349	-133,336
Depreciation/amortization	[5]	-84,797	-43,056	-61,496	-21,688
Other operating expenses	[6]	-99,641	-105,238	-45,830	-52,793
OPERATING INCOME (EBIT)		**-18,339**	**66,464**	**-34,380**	**32,905**
Interest income		134	108	41	94
Interest expense		-8,112	-7,635	-4,049	-3,919
NET INTEREST		**-7,978**	**-7,527**	**-4,008**	**-3,825**
Income from shares accounted for using the equity method		504	354	357	147
Other financial income		2,494	-1,233	1,232	-1,284
FINANCIAL INCOME	[7]	**-4,980**	**-8,406**	**-2,419**	**-4,962**
EARNINGS BEFORE TAXES (EBT)		**-23,319**	**58,058**	**-36,799**	**27,943**
Taxes	[8]	-15,969	-20,333	-11,384	-10,077
EARNINGS AFTER TAXES		**-39,288**	**37,725**	**-48,183**	**17,866**
of which attributable to non-controlling shareholders		634	450	176	370
of which attributable to INDUS shareholders		-39,922	37,275	-48,359	17,496
Earnings per share (basic and diluted) in EUR	[9]	-1.63	1.52	-1.98	0.72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST HALF OF 2020

in EUR '000	H1 2020	H1 2019	Q2 2020	Q2 2019
EARNINGS AFTER TAXES	**-39,288**	**37,725**	**-48,183**	**17,866**
Actuarial gains/losses	2,288	-3,466	-1,418	-1,426
Deferred taxes	-677	1,209	297	370
Items not to be reclassified to profit or loss	**1,611**	**-2,257**	**-1,121**	**-1,056**
Currency conversion adjustment	-4,509	352	-894	-1,369
Change in the market values of hedging instruments (cash flow hedge)	379	-1,812	118	-465
Deferred taxes	-84	287	-24	74
Items to be reclassified to profit or loss	**-4,214**	**-1,173**	**-800**	**-1,760**
OTHER COMPREHENSIVE INCOME	**-2,603**	**-3,430**	**-1,921**	**-2,816**
TOTAL COMPREHENSIVE INCOME	**-41,891**	**34,295**	**-50,104**	**15,050**
of which attributable to non-controlling shareholders	634	450	176	370
of which attributable to INDUS shareholders	-42,525	33,845	-50,280	14,680

Income and expenses recorded under other comprehensive income include actuarial gains from pensions and similar obligations amounting to EUR 2,288 thousand (previous year: EUR -3,466 thousand). These are mainly due to a 0.4 percentage point increase in the interest rate for domestic pension obligations.

Income from currency conversion is derived primarily from the converted financial statements of consolidated international subsidiaries. The change in the market value of derivative financial instruments was the result of interest rate swaps transacted by the holding company to hedge against interest rate movements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF JUNE 30, 2020

in EUR '000	NOTES	JUNE 30, 2020	DEC. 31, 2019
ASSETS			
Goodwill	[10]	383,322	415,169
Right-of-use assets from leasing/rent		73,442	75,738
Other intangible assets		95,545	101,409
Property, plant and equipment		412,429	430,679
Investment property		2,788	2,843
Financial investments		6,425	6,366
Shares accounted for using the equity method		8,470	6,951
Other non-current assets		3,007	3,309
Deferred taxes		11,294	15,720
Non-current assets		**996,722**	**1,058,184**
Inventories	[11]	388,536	381,364
Receivables	[12]	199,129	202,527
Other current assets		21,350	21,107
Current income taxes		10,902	9,889
Cash and cash equivalents		150,798	135,120
Assets held for sale	[13]	6,196	0
Current assets		**776,911**	**750,007**
TOTAL EQUITY AND LIABILITIES		**1,773,633**	**1,808,191**
EQUITY AND LIABILITIES			
Subscribed capital		63,571	63,571
Capital reserve		239,833	239,833
Other reserves		379,985	422,510
Equity held by INDUS shareholders		**683,389**	**725,914**
Non-controlling interests in the equity		1,950	1,807
Equity		**685,339**	**727,721**
Pension provisions		51,288	52,942
Other non-current provisions		1,357	1,482
Non-current financial liabilities	[14]	557,760	546,341
Other non-current liabilities	[15]	20,596	21,370
Deferred taxes		35,847	39,602
Non-current liabilities		**666,848**	**661,737**
Other current provisions		87,122	74,608
Current financial liabilities	[14]	167,808	135,045
Trade payables		63,410	55,931
Other current liabilities	[15]	88,168	140,096
Current income taxes		10,189	13,053
Liabilities in connection with assets held for sale	[13]	4,749	0
Current liabilities		**421,446**	**418,733**
TOTAL EQUITY AND LIABILITIES		**1,773,633**	**1,808,191**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FROM JANUARY 1 TO JUNE 30, 2020

in EUR '000	SUBSCRIBED CAPITAL	CAPITAL RESERVE	RETAINED EARNINGS	OTHER RESERVES	EQUITY HELD BY INDUS SHAREHOLDERS	INTERESTS HELD BY NON-CONTROLLING SHAREHOLDERS	GROUP EQUITY
AS OF DEC. 31, 2018	**63,571**	**239,833**	**424,785**	**-21,066**	**707,123**	**2,702**	**709,825**
Earnings after taxes			37,275		37,275	450	37,725
Other comprehensive income				-3,430	-3,430		-3,430
Total comprehensive income			**37,275**	**-3,430**	**33,845**	**450**	**34,295**
Dividend payment			-36,675		-36,675	-295	-36,970
AS OF JUNE 30, 2019	**63,571**	**239,833**	**425,385**	**-24,496**	**704,293**	**2,857**	**707,150**
AS OF DEC. 31, 2019	**63,571**	**239,833**	**447,566**	**-25,056**	**725,914**	**1,807**	**727,721**
Earnings after taxes			-39,922		-39,922	634	-39,288
Other comprehensive income				-2,603	-2,603		-2,603
Total comprehensive income			**-39,922**	**-2,603**	**-42,525**	**634**	**-41,891**
Dividend payment						-491	-491
AS OF JUNE 30, 2020	**63,571**	**239,833**	**407,644**	**-27,659**	**683,389**	**1,950**	**685,339**

Interests held by non-controlling shareholders mainly consist of minority interests in WEIGAND Bau GmbH and subsidiaries of the ROLKO Group. Minority interests in limited partnerships and limited liability companies, for which the economic ownership of the corresponding minority interests had already been transferred under reciprocal option agreements at the acquisition date, are shown under other liabilities.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIRST HALF OF 2020

in EUR '000	H1 2020	H1 2019
Earnings after taxes	-39,288	37,725
Depreciation/appreciation of non-current assets	83,698	43,056
Taxes	15,969	20,333
Financial income	4,980	8,406
Other non-cash transactions	-1,736	-1,736
Changes in provisions	13,966	13,859
Increase (-)/decrease (+) in inventories, receivables, and other assets	-4,294	-38,606
Increase (+)/decrease (-) in trade payables and other equity and liabilities	-23,747	-26,590
Income taxes received/paid	-20,565	-32,005
Operating cash flow	**28,983**	**24,442**
Interest paid	-9,804	-10,635
Interest received	133	108
Cash flow from operating activities	**19,312**	**13,915**
Cash outflow from investments in		
Property, plant and equipment, and intangible assets	-16,097	-25,404
Financial investments and shares accounted for using the equity method	-1,202	-161
Shares in fully consolidated companies	0	5,510
Cash inflow from the disposal of other assets	124	1,100
Cash flow from investing activities	**-17,175**	**-18,955**
Dividend payment	0	-36,675
Cash outflow from the repayment of contingent purchase price commitments	-18,919	-2,431
Dividends paid to minority shareholders	-491	-294
Cash inflow from raising of loans	102,000	94,281
Cash outflow from the repayment of loans	-57,876	-49,428
Cash outflow from the repayment of lease liabilities	-9,607	-10,225
Cash flow from financing activities	**15,107**	**-4,772**
Net changes in cash and cash equivalents	17,244	-9,812
Changes in cash and cash equivalents caused by currency exchange rates	-740	169
Changes in cash and cash equivalents in connection with assets held for sale	-826	0
Cash and cash equivalents at the beginning of the period	135,120	109,647
Cash and cash equivalents at the end of the period	**150,798**	**100,004**

NOTES

BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

[1] GENERAL INFORMATION

INDUS Holding AG, with registered office in Bergisch Gladbach, Germany, has prepared its condensed consolidated interim financial statements for the period from January 1, 2020, to June 30, 2020, in accordance with the International Financial Reporting Standards (IFRS), and their interpretation by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in thousands of euros (EUR ’000).

These interim financial statements have been prepared in accordance with IAS 34 in condensed form. The interim report has been neither audited nor subjected to perusal or review by an auditor.

New obligatory standards are reported on separately in the section “Changes in Accounting Standards.” Otherwise, the same accounting methods have been applied as in the consolidated financial statements for the 2019 financial year, where they are described in detail. Since these interim financial statements do not provide the full scope of information found in the annual financial statements, these financial statements should be considered within the context of the last annual financial statements.

In the Board of Management’s view, this quarterly report includes all usual current adjustments necessary for the proper presentation of the Group’s financial position and financial performance. The results achieved in the first half of 2020 do not necessarily allow predictions to be made regarding future business performance.

Preparation of consolidated financial statements is influenced by accounting and valuation principles and requires assumptions and estimates that have an impact on the recognized value of assets, liabilities, and contingent liabilities, and on income and expenses. When estimates are made regarding the future, actual values may differ from the estimates. If the original basis for the estimates changes, the statement of the items in question is adjusted through profit and loss.

[2] CHANGES IN ACCOUNTING STANDARDS

All obligatory accounting standards in effect as of the 2020 financial year have been implemented in the interim financial statements at hand.

The application of new standards has had no material effect on the presentation of the financial position and financial performance of INDUS Holding AG.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME

[3] COST OF MATERIALS

in EUR ’000	H1 2020	H1 2019
Raw materials, consumables and supplies, and purchased merchandise	-315,787	-347,657
Purchased services	-47,981	-58,619
Total	**-363,768**	**-406,276**

[4] PERSONNEL EXPENSES

in EUR ’000	H1 2020	H1 2019
Wages and salaries	-219,036	-222,292
Social security	-38,187	-38,474
Pensions	-2,462	-2,356
Total	**-259,685**	**-263,122**

[5] DEPRECIATION/AMORTIZATION

in EUR '000	H1 2020	H1 2019
Depreciation/amortization	-46,901	-43,056
Impairment	-37,896	0
Total	**-84,797**	**-43,056**

This item includes both depreciation/amortization and impairments. The latter resulted from the impairment test performed as of June 30, 2020, due to triggering factors in the amount of EUR 36,904 thousand and to a write-down due to reclassification to "assets held for sale" in the amount of EUR 992 thousand. The impairment losses relate to goodwill in the amount of EUR 31,639 thousand (Automotive Technology segment: EUR 29,246 thousand, Metals Technology segment: EUR 2,393 thousand), property, plant and equipment in the amount of EUR 4,760 thousand (Automotive Technology: EUR 3,078 thousand, Metals Technology: EUR 1,682 thousand) and intangible assets in the amount of EUR 1,497 thousand (Automotive Technology: EUR 1,468 thousand, Metals Technology: EUR 29 thousand).

[6] OTHER OPERATING EXPENSES

in EUR '000	H1 2020	H1 2019
Selling expenses	-37,313	-43,496
Operating expenses	-31,145	-33,562
Administrative expenses	-24,903	-25,527
Other expenses	-6,280	-2,653
Total	**-99,641**	**-105,238**

[7] FINANCIAL INCOME

in EUR '000	H1 2020	H1 2019
Interest and similar income	134	108
Interest and similar expenses	-8,112	-7,635
Net interest	**-7,978**	**-7,527**
Income from shares accounted for using the equity method	**504**	**354**
Market value of interest rate swaps	0	2
Minority interests	2,452	-1,282
Income from financial investments	42	47
Other financial income	**2,494**	**-1,233**
Total	**-4,980**	**-8,406**

The "minority interests" item includes an effect on income from the subsequent valuation of the contingent purchase price liabilities (call/put options) of EUR 2,291 thousand (previous year: EUR 427 thousand) and earnings after taxes that external entities are entitled to from shares in limited partnerships and stock corporations with call/put options.

[8] TAXES

The income tax expense in the interim financial statements is calculated based on the assumptions currently used for tax planning purposes.

[9] EARNINGS PER SHARE

in EUR '000	H1 2020	H1 2019
Income attributable to INDUS shareholders	-39,922	37,275
Weighted average shares outstanding (in thousands)	24,451	24,451
Earnings per share (in EUR)	**-1,63**	**1,52**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[10] IMPAIRMENT TEST AS OF JUNE 30, 2020, DUE TO TRIGGERING EVENTS

The large-scale spread of the coronavirus has resulted in significant economic disruption to some of the INDUS Group's portfolio companies. The Board of Management of INDUS Holding AG has been continually reviewing the implications of the coronavirus crisis on the individual portfolio companies, and took the economic effects as an opportunity to perform an impairment test at an earlier date than at the end of the year pursuant to IAS 36 for those portfolio companies that have been hit hardest in economic terms.

This means that a total of ten portfolio companies were identified for impairment testing due to triggering events. The tests were each based on a new planning calculation to reflect the prevailing circumstances. The impairment test was performed at the level of the assets, at the level of the identified operating CGUs and at the level of the CGUs carrying goodwill.

The impairment test compares the CGU's recoverable value against the carrying amount including goodwill. INDUS typically uses the value in use to determine the recoverable value.

Value in use is calculated applying the latest estimates prepared by management. The planning premises take into account both current knowledge and historical developments. In accordance with the detailed planning periods of usually three years, future cash flows are extrapolated with a global growth rate of 1.0% (previous year: 1.0%). The payments determined in this manner are discounted using capital cost rates. These are based on risk-free interest rates of 0.00% (December 31, 2019: 0.10%), a market risk premium of 8.00% (previous year: 7.00%), segment-specific beta coefficients derived by a peer group and borrowing rates. The following pre-tax cost of capital rates were applied: Construction/Infrastructure 8.5% (December 31, 2019: 6.3%); Automotive Technology 10.3% (December 31, 2019: 8.5%); Engineering 9.3% (December 31, 2019: 7.9%); Medical Engineering/Life Science 7.0% (December 31, 2019: 6.1%) and Metals Technology 8.9% (December 31, 2019: 7.7%).

The test performed due to triggering factors resulted in impairment losses on goodwill of EUR 31,639 thousand. The impairment losses relate to the Automotive Technology segment in the amount of EUR 29,246 thousand and to the Metals Technology segment in the amount of EUR 2,393 thousand. In the same period of the previous year, no impairment losses were recognized on goodwill.

[11] INVENTORIES

in EUR '000	JUNE 30, 2020	DEC. 31, 2019
Raw materials, consumables, and supplies	131,948	132,655
Unfinished goods	95,274	96,908
Finished goods and goods for resale	130,795	124,951
Advance payments	30,519	26,850
Total	**388,536**	**381,364**

[12] RECEIVABLES

in EUR '000	JUNE 30, 2020	DEC. 31, 2019
Receivables from customers	185,352	180,579
Receivables from construction contracts	11,831	19,470
Receivables from associated companies	1,946	2,478
Total	**199,129**	**202,527**

[13] ASSETS HELD FOR SALE

A sub-subsidiary is to be sold in the Automotive Technology segment. The search for a suitable buyer is already under way and we consider it highly likely that we will be able to complete the transaction within the next twelve months. As of June 30, 2020, this constitutes a disposal group whose assets have been reclassified to the separate balance sheet item “assets held for sale.” The liabilities belonging to the disposal group have been reported under the balance sheet item “liabilities in connection with assets held for sale.”

The Board of Management of INDUS Holding AG approved the sale of KIEBACK GmbH & Co. KG from the Automotive Technology segment in the second quarter of 2020. As of June 30, 2020, the sale is considered highly probable. The allocated assets are therefore reported under “assets held for sale.” Liabilities belonging to the disposal group have been reported under the balance sheet item “liabilities in connection with assets held for sale" accordingly. The transaction was closed in July 2020. Write-downs and impending losses in connection with the sale of KIEBACK are included in these interim financial statements as expenses in the amount of EUR 2,953 thousand. KIEBACK had been part of INDUS since 1998 and specializes in prototype parts and small series for the automotive industry.

[14] FINANCIAL LIABILITIES

in EUR '000	JUNE 30, 2020	CURRENT	NON-CURRENT	DEC. 31, 2019	CURRENT	NON-CURRENT
Liabilities to banks	419,972	134,707	285,265	361,694	100,992	260,702
Liabilities from leasing	74,578	15,019	59,559	74,520	15,971	58,549
Promissory note loans	231,018	18,082	212,936	245,172	18,082	227,090
Total	**725,568**	**167,808**	**557,760**	**681,386**	**135,045**	**546,341**

[15] LIABILITIES

Other liabilities of EUR 22,556 thousand (Dec. 31, 2019: EUR 40,266 thousand) include contingent purchase price liabilities, carried at fair value, insofar as the minority shareholders can tender shares to INDUS by terminating the Articles of Incorporation or on the basis of option agreements.

OTHER DISCLOSURES

[16] SEGMENT REPORTING

SEGMENT INFORMATION BY OPERATION FOR THE FIRST HALF OF 2020

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	CON-STRUCTION/INFRA-STRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECON-CILIATION	CON-SOLIDATED FINANCIAL STATEMENTS
H1 2020								
Revenue with external third parties	198,971	132,625	165,768	70,649	206,364	774,377	-178	774,199
Revenue with Group companies	16,731	32,410	30,713	7,925	27,711	115,490	-115,490	0
Revenue	**215,702**	**165,035**	**196,481**	**78,574**	**234,075**	**889,867**	**-115,668**	**774,199**
Segment earnings (EBIT)	**36,160**	**-62,915**	**4,121**	**4,100**	**4,759**	**-13,775**	**-4,564**	**-18,339**
Income from measurement according to the equity method	-399	0	903	0	0	504	0	504
Depreciation/amortization	**-7,708**	**-48,222**	**-10,126**	**-5,009**	**-13,287**	**-84,352**	**-444**	**-84,797**
Segment EBITDA	**43,868**	**-14,693**	**14,247**	**9,109**	**18,046**	**70,577**	**-4,120**	**66,458**
Investments	**8,476**	**3,958**	**1,173**	**1,782**	**1,985**	**17,374**	**-75**	**17,299**
H1 2019								
Revenue with external third parties	190,916	183,424	207,493	81,537	213,569	876,939	-414	876,525
Revenue with Group companies	17,015	40,988	35,027	9,366	34,305	136,701	-136,701	0
Revenue	**207,931**	**224,412**	**242,520**	**90,903**	**247,874**	**1,013,640**	**-137,115**	**876,525**
Segment earnings (EBIT)	**27,845**	**-5,075**	**22,805**	**9,122**	**16,332**	**71,029**	**-4,565**	**66,464**
Income from measurement according to the equity method	181	-18	191	0	0	354	0	354
Depreciation/amortization	**-6,781**	**-13,798**	**-9,032**	**-4,575**	**-8,436**	**-42,622**	**-434**	**-43,056**
Segment EBITDA	**34,626**	**8,723**	**31,837**	**13,697**	**24,768**	**113,651**	**-4,131**	**109,520**
Investments	**8,000**	**7,872**	**-1,687**	**1,817**	**3,921**	**19,923**	**132**	**20,055**
of which company acquisitions	0	0	-5,510	0	0	-5,510	0	-5,510

SEGMENT REPORT IN ACCORDANCE WITH IFRS 8 (in EUR '000)

	CONSTRUCTION/ INFRASTRUCTURE	AUTOMOTIVE TECHNOLOGY	ENGINEERING	MEDICAL ENGINEERING/ LIFE SCIENCE	METALS TECHNOLOGY	TOTAL SEGMENTS	RECONCILIATION	CONSOLIDATED FINANCIAL STATEMENTS
Q2 2020								
Revenue with external third parties	105,515	53,694	81,494	31,934	100,299	372,936	21	372,957
Revenue with Group companies	7,946	12,652	16,196	3,905	13,776	54,476	-54,476	0
Revenue	**113,461**	**66,346**	**97,690**	**35,839**	**114,075**	**427,412**	**-54,455**	**372,957**
Segment earnings (EBIT)	**20,639**	**-50,895**	**1,528**	**952**	**-4,192**	**-31,968**	**-2,412**	**-34,380**
Income from measurement according to the equity method	-186	0	543	0	0	357	0	357
Depreciation/amortization	**-3,844**	**-41,222**	**-5,058**	**-2,532**	**-8,618**	**-61,274**	**-221**	**-61,496**
Segment EBITDA	**24,483**	**-9,673**	**6,586**	**3,484**	**4,426**	**29,306**	**-2,191**	**27,116**
Investments	**4,377**	**3,396**	**567**	**876**	**196**	**9,412**	**38**	**9,450**
Q2 2019								
Revenue with external third parties	104,357	90,638	98,190	40,614	105,308	439,107	-229	438,878
Revenue with Group companies	8,904	20,084	18,137	5,027	14,250	66,402	-66,402	0
Revenue	**113,261**	**110,722**	**116,327**	**45,641**	**119,558**	**505,509**	**-66,631**	**438,878**
Segment earnings (EBIT)	**17,863**	**-5,266**	**9,965**	**5,278**	**7,689**	**35,529**	**-2,624**	**32,905**
Income from measurement according to the equity method	64	-20	-71	0	0	-27	-180	-207
Depreciation/amortization	**-3,414**	**-6,888**	**-4,621**	**-2,302**	**-4,241**	**-21,466**	**-222**	**-21,688**
Segment EBITDA	**21,277**	**1,622**	**14,586**	**7,580**	**11,930**	**56,995**	**-2,402**	**54,593**
Investments	**3,076**	**5,614**	**-4,608**	**993**	**3,934**	**1,141**	**33**	**1,174**
of which company acquisitions	0	0	-5,510	0	0	-5,510	0	-5,510

The table below reconciles the total operating results of segment reporting with the earnings before taxes in the consolidated statement of income:

RECONCILIATION (in EUR '000)

	H1 2020	H1 2019	Q2 2020	Q2 2019
Segment earnings (EBIT)	**-13,775**	**71,029**	**-31,968**	**35,529**
Areas not allocated incl. holding company	-4,242	-4,601	-2,406	-2,677
Consolidations	-322	36	-6	53
Financial income	-4,980	-8,406	-2,419	-4,962
Earnings before taxes	**-23,319**	**58,058**	**-36,799**	**27,943**

The classification of segments corresponds without change to the current state of internal reporting. The segment information relates to continued operations. The companies are assigned to the segments based on their selling markets if the large majority of their range is sold in a particular market environment (Automotive Technology, Medical Engineering/Life Science). Otherwise they are classified by common features in their production structure (Construction/Infrastructure, Engineering, Metals Technology).

The reconciliations contain the figures of the holding company, non-operating units not allocated to any segment, and consolidations. See the explanation provided in the management report regarding the products and services that generate segment sales.

The key control variable for the segments is operating income (EBIT) as defined in the consolidated financial statements. The information pertaining to the segments has been ascertained in compliance with the reporting and valuation methods that were applied in the preparation of the consolidated financial statements. Transfer prices between segments are based on arm's-length prices to the extent that they can be established in a reliable manner and are otherwise determined on the basis of the cost-plus pricing method.

SEGMENT INFORMATION BY REGION

The breakdown of sales by region relates to our selling markets. Owing to the diversity of our foreign activities, a further breakdown by country would not be meaningful since no country other than Germany accounts for 10% of Group sales.

Non-current assets, less deferred taxes and financial instruments, are based on the registered offices of the companies concerned. Further differentiation would not be useful since the majority of companies are based in Germany.

Owing to the diversification policy at INDUS, there were no individual product or service groups and no individual customers that accounted for more than 10% of sales.

in EUR '000	GROUP	GERMANY	EU	THIRD COUNTRIES
Revenue with external third parties				
H1 2020	774,199	407,222	162,632	204,345
Q2 2020	372,957	197,996	75,181	99,780
Non-current assets, less deferred taxes and financial instruments				
June 30, 2020	975,996	828,499	54,293	93,204
Revenue with external third parties				
H1 2020	876,525	452,744	188,538	235,243
Q2 2020	438,878	221,136	97,794	119,948
Non-current assets, less deferred taxes and financial instruments				
Dec. 31, 2019	1,032,789	873,328	56,787	102,674

[17] INFORMATION ON THE SIGNIFICANCE OF FINANCIAL INSTRUMENTS

The table below shows the carrying amounts of the financial instruments. The fair value of a financial instrument is the price that would be paid in an orderly transaction between market participants for the sale of an asset or transfer of a liability on the measurement date.

FINANCIAL INSTRUMENTS (in EUR '000)

	BALANCE SHEET VALUE	NOT WITHIN THE SCOPE OF IFRS 9	IFRS 9 FINANCIAL INSTRUMENTS	OF WHICH MEASURED AT FAIR VALUE	OF WHICH MEASURED AT AMORTIZED COST
AS OF JUNE 30, 2020					
Financial investments	6,425	0	6,425	2,508	3,917
Cash and cash equivalents	150,798	0	150,798	0	150,798
Receivables	199,129	11,831	187,298	0	187,298
Other assets	24,357	13,512	10,845	59	10,786
Financial instruments: Assets	**380,709**	**25,343**	**355,366**	**2,567**	**352,799**
Financial liabilities	725,568	0	725,568	0	725,568
Trade payables	63,410	0	63,410	0	63,410
Other liabilities	108,764	55,755	53,009	28,425	24,584
Financial instruments: Equity and liabilities	**897,742**	**55,755**	**841,987**	**28,425**	**813,562**
AS OF DECEMBER 31, 2019					
Financial investments	6,366	0	6,366	2,482	3,884
Cash and cash equivalents	135,120	0	135,120	0	135,120
Receivables	202,527	19,470	183,057	0	183,057
Other assets	24,416	13,078	11,338	34	11,304
Financial instruments: Assets	**368,429**	**32,548**	**335,881**	**2,516**	**333,365**
Financial liabilities	681,386	0	681,386	0	681,386
Trade payables	55,931	0	55,931	0	55,931
Other liabilities	161,466	68,717	92,749	46,521	46,228
Financial instruments: Equity and liabilities	**898,783**	**68,717**	**830,066**	**46,521**	**783,545**

Available-for-sale financial instruments are fundamentally long-term financial investments for which no pricing on an active market is available and the fair value of which cannot be reliably determined. These are carried at cost.

FINANCIAL INSTRUMENTS BY BUSINESS MODEL IN ACC. WITH IFRS 9 (in EUR '000)

	JUNE 30, 2020	DEC. 31, 2019
Financial assets measured at fair value through profit and loss	59	34
Financial assets measured at cost	352,799	333,365
Financial assets recognized at fair value directly in equity	2,508	2,482
Financial instruments: Assets	**355,366**	**335,881**
Financial liabilities measured at fair value through profit and loss	22,556	40,273
Financial liabilities measured at cost	813,562	783,545
Derivatives with hedging relationship, hedge accounting	5,869	6,248
Financial instruments: Equity and liabilities	**841,987**	**830,066**

[18] APPROVAL FOR PUBLICATION

The Board of Management of INDUS Holding AG approved these IFRS interim financial statements for publication on August 5, 2020.

[19] RESPONSIBILITY STATEMENT

We hereby certify, to the best of our knowledge, that in accordance with the applicable accounting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected performance of the Group in the remainder of the financial year.

Bergisch Gladbach, August 5, 2020
INDUS Holding AG

The Board of Management

Dr. Johannes Schmidt   Dr. Jörn Großmann

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FINANCIAL CALENDAR

DATE	EVENT
August 13, 2020	Annual Shareholders' Meeting 2020
November 12, 2020	Interim report Q3 2020

IMPRINT

RESPONSIBLE MEMBER OF THE BOARD OF MANAGEMENT
Dr.-Ing. Johannes Schmidt

DATE OF PUBLISHING
August 6, 2020

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This interim report is also available in German. Only the German version of the interim report is legally binding.

DISCLAIMER:

This interim report contains forward-looking statements based on assumptions and estimates made by the Board of Management of INDUS Holding AG. Although the Board of Management is of the opinion that these assumptions and estimates are accurate, they are subject to certain risks and uncertainty. Actual future results may deviate substantially from these assumptions and estimates due to a variety of factors. These factors include changes in the general economic situation, the business, economic and competitive situation, foreign exchange and interest rates, and the legal setting. INDUS Holding AG shall not be held liable for the future development and actual future results being in line with the assumptions and estimates included in this interim report. Assumptions and estimates made in this interim report will not be updated.